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PUBLIC TRANSPORTATION

Better Data Needed to Assess Length of New Starts Process, and Options Exist to Expedite Project Development



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Highlights of [GAO-09-784](#), a report to congressional committees

Why GAO Did This Study

The New Starts program is an important source of new capital investment in mass transportation. To be eligible for federal funding, a project must advance through the different project development phases of the New Starts program, including alternatives analysis, preliminary engineering, and final design. The Federal Transit Administration (FTA) evaluates projects as a condition for advancement into each project development phase of the program. FTA has acted recently to streamline the process. This report discusses the (1) time it has generally taken for projects to move through the New Starts process and what Congress and FTA have done to expedite the process and (2) options that exist to expedite the process. In response to a legislative mandate, GAO reviewed statutes, FTA guidance and regulations, and project data. GAO also interviewed Department of Transportation (DOT) officials, projects sponsors, and industry stakeholders.

What GAO Recommends

GAO recommends that DOT consider options to expedite project development and continue to improve its data collection efforts. DOT agreed with the first recommendation but not the second, which GAO revised to better reflect FTA's efforts to date and the ongoing need for complete and reliable data to help strengthen the program.

View [GAO-09-784](#) or key components. For more information, contact Susan Fleming at (202) 512-2834 or flemings@gao.gov.

PUBLIC TRANSPORTATION

Better Data Needed to Assess Length of New Starts Process, and Options Exist to Expedite Project Development

What GAO Found

Insufficient data are available to describe the time it has taken for all projects to move through the New Starts process. Nevertheless, 9 of 40 projects that have received full funding grant agreements since 1997, and had complete data available, had milestone dates that ranged from about 4 to 14 years to complete the project development phases. However, the data from these 9 projects are not generalizable to the 40 New Starts projects. FTA has not historically retained all milestone data for every project, such as the dates that project sponsors apply to enter preliminary engineering and FTA's subsequent approval. Although not required by its records retention policy, FTA has retained milestone data from some projects longer than 2 years. However, GAO was unable to obtain complete and reliable project milestone data from FTA. FTA officials acknowledged that, while not historically perfect, the agency has retained sufficient milestone data to help manage the New Starts program. Nevertheless, recognizing the importance of having complete milestone data, FTA has taken several steps in recent years to more consistently collect and retain such data. In addition, GAO found that project sponsors do not consistently retain milestone data for projects that have completed the New Starts process.

Congress and FTA have taken action to expedite projects through the New Starts process. For example, legislative action created the Public-Private Partnership Pilot Program (Penta-P) to study the benefits of using public-private partnerships for certain new fixed-guideway capital projects, such as accelerating project delivery. In addition, FTA has implemented administrative changes to expedite the New Starts process. For example, FTA has developed and offered training workshops for project sponsors and has introduced project delivery tools. These tools include checklists for project sponsors to improve their understanding of the requirements of each phase of the New Starts process.

Project sponsors and industry stakeholders GAO interviewed identified options to help expedite project development within the New Starts program. These options include tailoring the New Starts evaluation process to risks posed by the projects, using letters of intent more frequently, and applying policy and guidance changes only to future projects. Each option has advantages and disadvantages to consider. In addition, FTA must also strike the appropriate balance between expediting project delivery and maintaining the accountability of the program. For example, by signaling early federal support of projects, letters of intent could help project sponsors use potentially less costly and time-consuming alternative project delivery methods, such as design-build. However, such early support poses some risk. It is possible that with more frequent use of letters of intent, FTA's commitment authority could be depleted earlier than expected, which could affect the anticipated funding stream for future projects. Furthermore, some options, like combining one or more statutorily required project development phases, would require legislative action.

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Abbreviations

DOT	Department of Transportation
ESWA	early systems work agreement
FFGA	full funding grant agreement
FTA	Federal Transit Administration
LPA	locally preferred alternative
NARA	National Archives and Records Administration
NEPA	National Environmental Policy Act
PCGA	project construction grant agreement
PDA	project development agreement
Penta-P	Public-Private Partnership Pilot Program
PMOC	project management oversight contractor
Recovery Act	American Recovery and Reinvestment Act
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users

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United States Government Accountability Office
Washington, DC 20548

August 6, 2009

The Honorable Christopher J. Dodd
Chairman
The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable James L. Oberstar
Chairman
The Honorable John L. Mica
Ranking Member
Committee on Transportation
and Infrastructure
House of Representatives

Since the early 1970s, much of the federal government's share of new capital investment in mass transportation has come through the Federal Transit Administration's (FTA) New Starts program. Through this program, FTA identifies and recommends new fixed-guideway transit projects for grants, typically through full funding grant agreements (FFGA).¹ Over the last decade, the New Starts program has provided state and local agencies with over \$10 billion to help design and construct transit projects nationwide.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which authorized the New Starts program through fiscal year 2009, identifies criteria for how FTA evaluates and rates projects.² FTA must prioritize projects for funding by evaluating, rating, and recommending potential projects on the basis of specific financial commitment and project justification criteria—including mobility improvements, cost-effectiveness, economic development effects, land

¹Fixed guideway systems use and occupy a separate right-of-way for the exclusive use of public transportation services. These fixed guideway systems include fixed rail, exclusive lanes for buses and other high-occupancy vehicles, and other systems. A FFGA establishes the terms and conditions for federal funds available for the project, including the maximum amount of government financial assistance.

²Pub. L. No. 109-59, § 5309(j), 119 Stat. 1144, 1584 (2005).

use, environmental benefits, and operating efficiencies. Using these statutorily identified criteria, FTA evaluates potential projects annually and as a condition for advancement into each phase of the New Starts process, including preliminary engineering, final design, and construction. FTA refers to projects in the preliminary engineering or final design phases as being in the “pipeline” through which successful projects advance to receive funding.

We have previously identified FTA’s use of a rigorous and systematic evaluation process to distinguish among proposed New Starts investments as a model for other transportation programs.³ However, we and other stakeholders and policymakers have also identified challenges facing the New Starts program. For example, our past reviews found that many program stakeholders thought that FTA’s process for evaluating New Starts projects was too time consuming, costly, and complex. These issues and the upcoming reauthorization of all surface transportation programs, including the New Starts program, have led stakeholders and policymakers to examine the existing evaluation and rating process and consider potential modifications and other options to reduce the complexity, cost, and time it takes for a New Starts project to go through the pipeline.

We are required by SAFETEA-LU to report each year on FTA’s processes and procedures for evaluating, rating, and recommending New Starts projects for federal funding and on FTA’s implementation of these processes and procedures.⁴ This report discusses the (1) time it has generally taken for proposed projects to move through the New Starts process, and what Congress and FTA have done to expedite the process, and (2) options that exist to expedite the process. In addition, appendix I contains an overview of FTA’s fiscal year 2010 *New Starts Annual Report* and budget request. To address these objectives, we reviewed SAFETEA-LU and other New Starts statutory requirements, FTA guidance and regulations governing the New Starts program and other FTA documents, including the annual New Starts report, and interviewed transportation experts, transit consultants, transit industry associations, and Department of Transportation (DOT) officials about the time it takes for a New Starts

³GAO-07-917, *Public Transportation: Future Demand Is Likely for New Starts and Small Starts Programs, but Improvements Needed to the Small Starts Application Process* (Washington, D.C.; July 27, 2007).

⁴49 U.S.C. § 5309(k)(2).

project to move through the New Starts process, as well as the options that exist to expedite the process. We also interviewed 9 project sponsors about 10 projects. We selected these projects based on a range of characteristics, including: (1) timing (i.e., when projects received a FFGA); (2) mode (i.e., heavy rail, light rail, or bus); (3) scope (i.e., the total cost of the project); and (4) geographic area. In addition, we gathered, and took steps to verify, FTA data on project milestone approval dates to determine how long the 40 projects that received a FFGA after June 1997 took to complete the New Starts process. We also attempted to gather data directly from project sponsors on project milestone approval and application dates for these 40 projects to determine how long it took projects to complete the New Starts process. Appendix II contains additional information about our scope and methodology. For this report, we did not consider how projects are rated or examine the efficacy of FTA's evaluation measures.⁵ We conducted this performance audit from January 2009 to August 2009, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

FTA generally funds New Starts projects through FFGAs, which are required by statute to establish the terms and conditions for federal participation in a New Starts project.⁶ FFGAs also define a project's scope, including the length of the system and the number of stations; its schedule, including the date when the system is expected to open for service; and its cost. For projects to obtain FFGAs, they must emerge from a regional, multimodal transportation planning process.

The early stages of the New Starts project development process—alternatives analysis and much of preliminary engineering—are carried out in concert with the metropolitan planning process specified by SAFETEA-LU and the environmental review processes required by the National

⁵For information on issues related to the New Starts evaluation measures, see [GAO-08-844](#), *Public Transportation: Improvements Are Needed to More Fully Assess Predicted Impacts of New Starts Projects* (Washington, D.C.: July 25, 2008).

⁶49 U.S.C. § 5309(g)(2).

Environmental Policy Act of 1969 (NEPA).⁷ Alternatives analysis studies are a corridor-level analysis of a range of alternatives designed to address locally-identified mobility and other problems in a specific transportation corridor. The alternatives analysis phase culminates in the selection of a locally preferred alternative (LPA), which is the New Starts project that FTA evaluates for funding.

After a locally preferred alternative is selected, the project sponsor submits an application to FTA for the project to enter the preliminary engineering phase.⁸ During the preliminary engineering phase, project sponsors refine the design of the locally preferred alternative, taking into consideration all reasonable design alternatives and estimating each alternative's costs, benefits, and impacts (e.g., financial or environmental). Further, project sponsors are required to complete the NEPA environmental review process in order to receive federal funding. Specifically, FTA interprets NEPA to require, as part of the NEPA process for evaluation of the alternatives,⁹ an environmental review document with information on each alternative's benefits and costs relating to the New Starts evaluation. When the preliminary engineering phase is completed and federal environmental requirements are satisfied, FTA may approve the project's advancement into final design, after which FTA may recommend the project for a FFGA and proceed to construction.¹⁰ FTA oversees grantees' management of projects from the preliminary engineering phase through the construction phase (see fig. 1). This project management oversight is conducted by FTA staff, working closely with its project management oversight contractors (PMOC), to provide continual

⁷42 U.S.C. § 4321 *et seq.* FTA requires projects to have progressed beyond the NEPA scoping phase before it will approve entry into New Starts preliminary engineering. The scoping phase of a project is a requirement of the NEPA process focused on identifying significant issues related to a proposed action. Additionally, the scoping phase may include a determination of the range of alternatives to be addressed in NEPA documents.

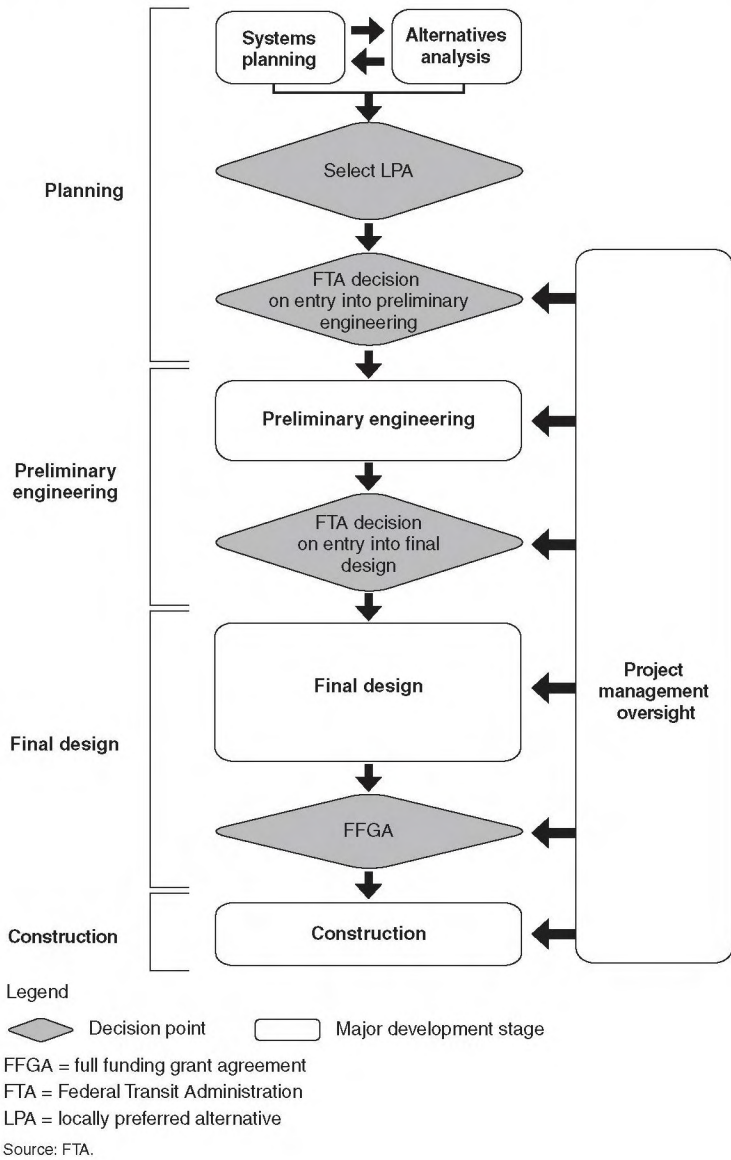
⁸To gain approval for entry into preliminary engineering, a project must (1) be identified through the alternatives analysis process, (2) be included in the region's long-term transportation plan, (3) meet the statutorily defined project justification and financial criteria, and (4) demonstrate that the sponsors have the technical capability to manage the project during the preliminary engineering phase. Some federal New Starts funding is available to projects for preliminary engineering activities, if so appropriated by Congress.

⁹42 U.S.C. § 4332(c)(iii) and implementing regulation 40 C.F.R. § 1501.2(c) requires the study and development of alternatives to a proposed action.

¹⁰Final design is the last phase of project development before construction and may include right-of-way acquisition, utility relocation, and the preparation of final construction plans and cost estimates.

monitoring and assessment of projects' scope, schedule, and budget, and of its sponsor's technical capacity.

Figure 1: New Starts Project Planning and Development Process



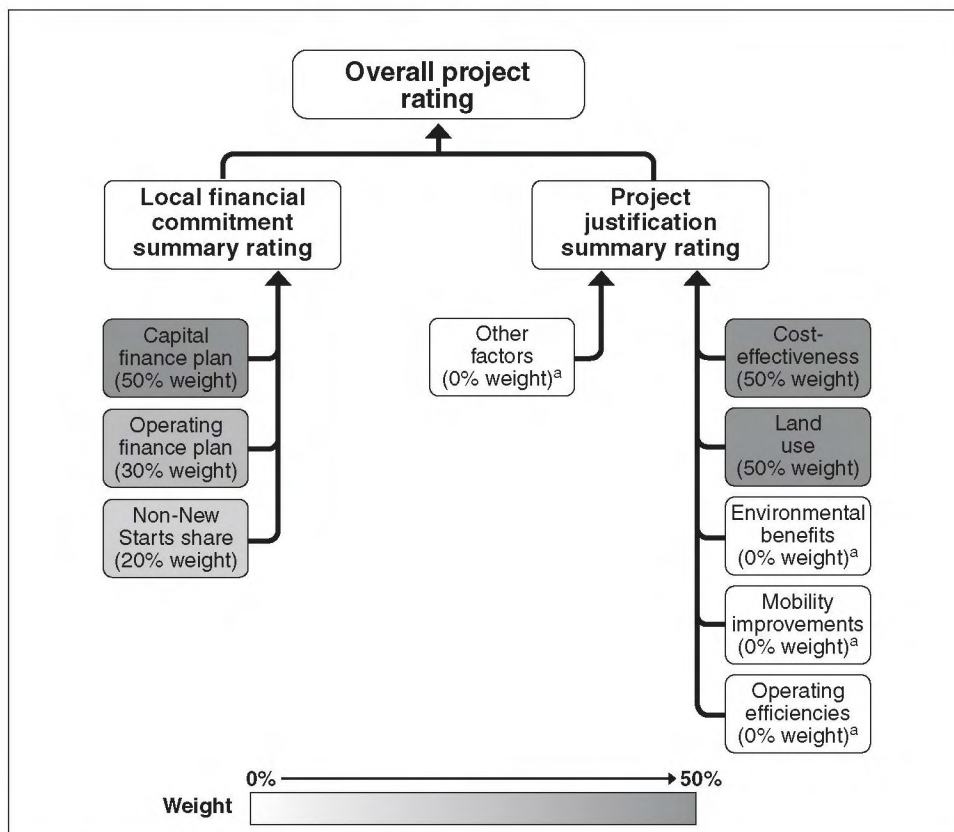
Note: Projects are rated at several points during project development, including as part of the evaluation for entry into the preliminary engineering and final design phases, and yearly for inclusion in the *New Starts Annual Report*. Additionally, the administration uses the FTA evaluation and rating process, along with the phase of development of New Starts projects, to decide which projects to recommend to Congress for funding.

To help inform administration and congressional decisions about which projects should receive federal funds, FTA currently distinguishes among proposed projects by evaluating and assigning ratings to various statutory evaluation criteria—including both project justification and local financial commitment criteria—and then assigning an overall project rating.¹¹ (See fig. 2.) These evaluation criteria reflect a broad range of benefits and effects of the proposed project, such as cost-effectiveness, as well as the ability of the project sponsor to fund the project and finance the continued operation of its transit system. FTA has developed specific measures for each of the criteria outlined in statute. However, FTA currently assigns a 50 percent weight to both the cost-effectiveness and the land use criteria when developing the project justification summary rating. The other project justification criteria are not weighted, although the mobility improvements criterion is used as a “tiebreaker.”¹² On the basis of their evaluation measures, FTA assigns proposed projects a rating for each criterion and then assigns a summary rating for local financial commitment and project justification. These two ratings are averaged together, and FTA assigns each project a “high,” “medium-high,” “medium,” “medium-low,” or “low” overall rating, which is used to rank projects and determine which projects to recommend for funding.

¹¹The exceptions to the evaluation process are statutorily exempt projects, which are those with requests for less than \$25 million in New Starts funding. Sponsors of these projects are not required to submit project justification information (although FTA encourages the sponsors to do so). These projects are exempt until such time as a final regulation implementing certain provisions of SAFETEA-LU is complete. FTA does not rate these projects. As a result, the number of projects in the preliminary engineering or final design phases may be greater than the number of projects evaluated and rated by FTA.

¹²In May 2009, FTA took steps to address concerns about the exclusion of some project justification criteria from the evaluation process. In a “Notice of Availability of Proposed Guidance for New Starts/Small Starts Policies and Procedures” and “Request for Comments” in the *Federal Register*, FTA proposed changing the weights assigned for the project justification criteria for New Starts projects. Specifically, FTA proposes to set the weights at 20 percent each for the mobility, cost-effectiveness, land use, and economic development criteria, and 10 percent each for operating efficiencies and environmental benefits. 74 *Fed. Reg.* 23776 (May 20, 2009).

Figure 2: FTA's Current New Starts Evaluation Process



Source: GAO analysis of FTA data.

^aThese criteria are not assigned a weight in the evaluation framework.

Projects are rated at several points during the New Starts process, including as part of the evaluation for entry into the preliminary engineering and final design phases, and they are rated yearly for inclusion in the *New Starts Annual Report*. The administration uses the FTA evaluation and rating process, along with the phase of development of New Starts projects, to decide which projects to recommend to Congress for funding.¹³ Although many projects receive a summary rating that would

¹³The administration's funding recommendations are made in the President's budget request and are included in FTA's annual New Starts report to Congress, which is released each February in conjunction with the President's budget request. See appendix I for a summary of the annual report for fiscal year 2010.

make them eligible for a FFGA, generally only a few are proposed for a FFGA in a given fiscal year. FTA proposes FFGAs for those projects that are projected to meet the following conditions during the fiscal year for which funding is proposed:

- All nonfederal project funding must be committed and available for the project.
- The project must be in or near the final design phase and have progressed far enough for uncertainties about costs, benefits, and impacts (e.g., financial or environmental) to be minimized.
- The project must meet FTA's tests for readiness and technical capacity, which confirm that there are no remaining cost, project scope, or local financial commitment issues.

SAFETEA-LU introduced a number of changes to the New Starts program, including some that affect the evaluation and rating process.¹⁴ For example, given past concerns that the evaluation process did not account for a project's impact on economic development and FTA's lack of communication to sponsors about upcoming changes, the statute added economic development to the list of project justification criteria that FTA must use to evaluate and rate New Starts projects, and requires FTA to issue notice and guidance each time significant changes are made to the process and criteria.¹⁵ SAFETEA-LU also established the Small Starts program, a new capital investment grant program, simplifying the requirements imposed for those seeking funding for lower cost projects

¹⁴For more information on the changes SAFETEA-LU made to the New Starts program and the status of their implementation, see [GAO-06-819](#), *Public Transportation: New Starts Program in a Period of Transition* (Washington, D.C.: Aug. 30, 2006) and [GAO-07-917](#).

¹⁵The legislation also requires that projects be funded only if they are justified based on a "comprehensive review" of its (1) mobility improvements, (2) environmental benefits, (3) cost-effectiveness, (4) operating efficiencies, (5) economic development effects, and (6) public transportation supportive land use policies and future patterns. The legislation also lists a number of factors to be analyzed, evaluated, and considered, including congestion relief, improved mobility, air and noise pollution, and energy consumption.

such as bus rapid transit, streetcar, and commuter rail projects.¹⁶ This program is intended to advance smaller-scale projects through an expedited and streamlined evaluation and rating process. FTA also subsequently introduced a separate eligibility category within the Small Starts program called Very Small Starts, which is for projects with a capital cost of less than \$50 million.¹⁷ Very Small Starts projects qualify for an even simpler and more expedited evaluation and rating process than other Small Starts projects.

FTA, like most federal agencies, must document its activities, including work related to the New Starts program, in accordance with the Federal Records Act of 1950, as amended. Each federal agency must maintain a records management program and must preserve records that (1) document the organization, functions, policies, decisions, procedures, and essential transactions of the agency and (2) provide the information necessary to protect the legal and financial rights of the government and of persons directly affected by the agency's activities.¹⁸ The National Archives and Records Administration (NARA) is given general oversight responsibilities for records management programs and practices. The activities of an agency records management program include, among other things, the development of a records schedule—that is, for all records created and received by the agency, where and how long records need to be retained and their final disposition (destruction or preservation) based on time, or event, or a combination of time and event—subject to the approval of NARA. No record may be destroyed unless it has been scheduled and, for temporary records, the schedule is of critical

¹⁶Small Starts projects are defined as those that are requesting less than \$75 million in federal funding and have a total estimated net capital cost of less than \$250 million. Transit projects that qualify for the Small Starts program are referred to as “Small Starts projects” in this report as well as in FTA’s guidance and reports. Transit projects that do not qualify for the Small Starts program because they request more federal funding, or are larger in scope, than is permitted by 49 U.S.C. § 5309(e) are referred to as “New Starts projects.” Thus, in this report, we use the term “New Starts” in two contexts: (1) to identify projects that are larger in scope than is permitted by 49 U.S.C. § 5309(e) and (2) as a reference to the entire capital investment grants program that is subject to 49 U.S.C. § 5309(d) or (e).

¹⁷Very Small Starts projects must meet the same eligibility requirements as Small Starts projects and be located in corridors with more than 3,000 existing riders per average weekday who will benefit from the proposed project. In addition, the projects must have a total capital cost of less than \$50 million (for all project elements) and a per-mile cost of less than \$3 million, excluding rolling stock (e.g., train cars).

¹⁸As relevant here, 44 U.S.C. chapters 21, 29, 31, and 33, and 36 C.F.R. Part 1222.

importance because it provides the authority to dispose of the record after a specified time period.

Insufficient Data Prevent Complete Assessment of the Time It Takes Projects to Move through the Process, but Congress and FTA Have Taken Action to Expedite the Process

There is insufficient data available to determine the time it takes for a project to move through the New Starts process. Nevertheless, 9 of the 40 projects that have received a FFGA since 1997, and with complete data available, had milestone dates that ranged from about 4.5 to 14 years to complete the project development phases. However, the data from these 9 projects are not generalizeable to the 40 New Starts projects. FTA has not historically retained all milestone data for the 40 projects, such as the dates project sponsors apply to enter a project development phase, in a consistent manner. However, FTA has retained some milestone data from some projects and is taking steps to improve its New Starts data retention and collection. In addition, we found that project sponsors do not systematically retain milestone data for projects that have completed the New Starts process. Congress and FTA have taken action to expedite projects through the New Starts process through Penta-P and training workshops for project sponsors.

Limited Milestone Data on Projects Available through FTA or Project Sponsors

FTA has not historically retained all milestone data, such as the dates that project sponsors apply to enter a project development phase, and FTA's subsequent approval, in a consistent or comprehensive manner. According to FTA, its record schedule requires that FTA retain documents related to milestone approvals for 2 years after the close of the project and FTA meets this requirement. For example, FTA retains documents that notify project sponsors of their approval to enter preliminary engineering and final design. Although not required, FTA has also retained milestone data from some, but not all, projects longer than 2 years.

We were unable to obtain complete and reliable project milestone data from FTA. FTA has historically retained milestone data from some projects using a variety of techniques, such as maintaining hard copies of milestone approval letters or internal memos in binders and saving electronic copies of some documents in a computer filing system. Using these sources, FTA provided us with milestone approval dates—preliminary engineering, final design, and FFGA—for the 40 projects that received a FFGA since 1997. However, when we attempted to verify the milestone approval dates from a random sample of 10 projects, we found that the data were unreliable and, in some cases, inaccurate. For example, the approval dates for some projects did not match the dates contained in the source documents (e.g., letters from FTA approving a project's

advancement into preliminary engineering); in other cases the source documents for some projects were missing from the project files. In addition to milestone approval dates, we asked FTA to provide the dates that these 40 projects began alternatives analysis and submitted applications for preliminary engineering, final design, and FFGA. Because FTA is not required by its record schedule to retain these dates, FTA was unable to provide these dates. In addition, FTA officials cited several challenges to collecting this information. First, FTA told us that it does not have records on when a project begins alternatives analysis because this phase is conducted at the local level, generally without FTA involvement. Second, FTA told us that it does not record when a project sponsor submits an application for preliminary engineering, final design, and FFGA because project sponsors almost never submit complete applications. According to FTA officials, they begin to review applications while simultaneously working with project sponsors to submit additional documentation to complete the application. However, according to FTA officials, because the application process is iterative, they have not historically assigned a date when the application was fully submitted.

We have previously reported that federal agencies can use performance information to make various types of management decisions to improve programs and results.¹⁹ In particular, managers can use performance information to identify problems in existing programs, to try to identify the causes of problems, or to develop corrective actions. Further, GAO's *Standards for Internal Control in the Federal Government* states that internal control activities include, among other activities, appropriate documentation of records.²⁰ More specifically, internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination. The documentation should appear in management directives, administrative policies, or operating manuals and may be in paper or electronic form. All documentation and records should be properly managed and maintained.

¹⁹GAO, *Managing For Results: Enhancing Agency Use of Performance Information for Management Decision Making*, [GAO-05-927](#) (Washington, D.C.: Sept. 9, 2005).

²⁰GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999). An internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved: (1) effectiveness and efficiency of operations, (2) reliability of financial reporting, and (3) compliance with applicable laws and regulations.

FTA officials acknowledged that while not historically perfect, the agency has retained sufficient milestone data to help manage the New Starts program. For example, FTA officials noted that they have used the data to help identify “pain points” in the process and options to streamline the process. Furthermore, FTA officials stated that even with the most comprehensive information on the time it takes for New Starts projects to complete the project development process, each project represents a unique set of challenges from local decision making, funding availability, and local legal structure that will impact the time it takes to pass through the FTA decision phases.

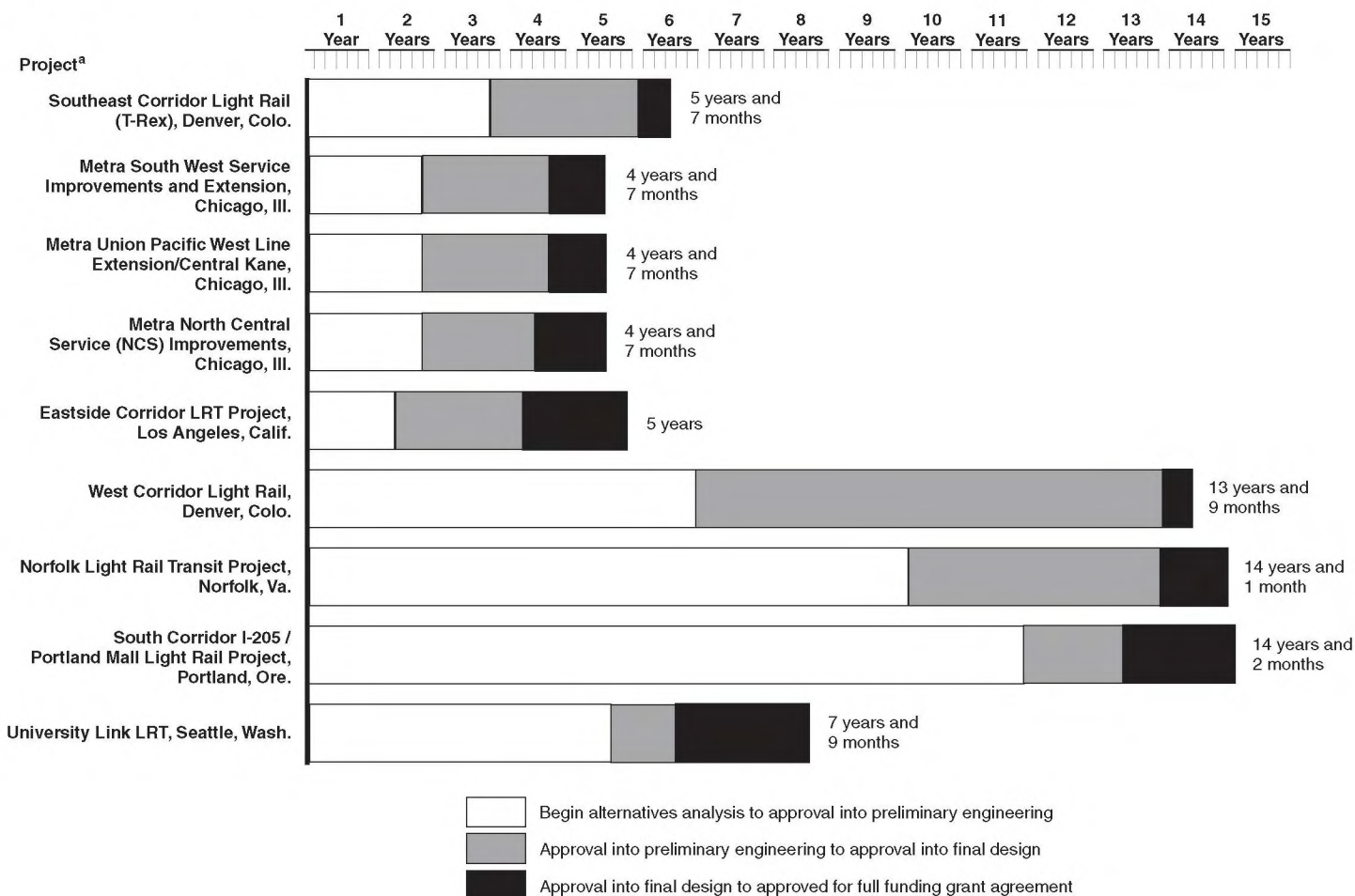
Nevertheless, recognizing the importance of having complete milestone data to better understand and improve the project development process, FTA has taken several steps in recent years to more consistently collect and retain such data. For example, FTA officials told us that, since late 2006, they now retain all letters that contain preliminary engineering and final design approval dates and electronically document the date a project sponsor’s application to enter preliminary engineering is received in internal memos. Also, according to FTA, the agency has begun to document the date when it considers project sponsors’ preliminary engineering applications complete. In addition, in 2008, FTA officials said that they began requiring project sponsors to submit a copy of their alternatives analysis initiations packages for FTA review and comment. Finally, FTA officials said they were in the process of developing a spreadsheet to record various project approval dates—including statutorily required approval dates and internal FTA review dates—and just completed a year long pilot project of an electronic case management system.

Project sponsors also do not consistently retain milestone data for projects that have completed the New Starts process. Because of the limitations of FTA’s data, we attempted to collect data from project sponsors that have received a FFGA since 1997, on the time it takes for a project to move through the New Starts evaluation and rating process. We queried the project sponsors for several New Starts milestone dates. However, we found that some of the project sponsors do not consistently maintain records on completed projects. In addition, some projects had multiple project sponsors during the New Starts evaluation and rating process, which complicated record keeping. Nonetheless, we were able to gather some milestone dates for 30 of the 40 projects, but these data were not complete due to missing milestone dates and therefore we were not able to calculate valid timelines for all projects. (See app. III for more information on these data.)

However, of the 30 project sponsors that provided information to us, only 9 had complete sets of New Starts milestone dates. Figure 3 shows the time it took for each of these projects with complete data to move from the beginning of alternatives analysis to the approval for a FFGA, ranging from about 4.5 years for 3 projects to over 14 years for 2 projects.²¹ Due to the number of projects with complete data, the data from these 9 projects are not generalizeable to the 40 New Starts projects. The small sample size also makes it difficult to determine whether mode (i.e., heavy rail, light rail, or bus), cost, or the year that the completed projects entered the New Starts evaluation and rating process impacts the time each project spends in each phase. Furthermore, FTA officials told us that each New Start project's experience in the evaluation and rating process is unique, making it difficult to identify trends or patterns.

²¹Alternatives analysis is conducted at the local level, with limited FTA involvement. Thus, according to FTA officials, FTA has limited influence on the amount of time projects spend in the alternatives analysis phase.

Figure 3: New Starts Planning and Project Development Durations for the Nine Projects with Complete Data



Source: GAO analysis of project sponsor data.

^aProjects arrayed in chronological order by the date FTA approved them to enter preliminary engineering.

Note: This figure includes the time each of the nine projects spent in the alternatives analysis phase. This phase is conducted at the local level, with limited FTA involvement. According to FTA officials, the time spent in alternatives analysis reflects local decision making and activities, not the New Starts process.

Some project sponsors, transit consultants, and a transportation industry association official told us that, over the years, the New Starts process has become too time consuming. Specifically, several project sponsors told us that the amount of time it takes for FTA to determine whether a project can advance into the next phase can be significant and causes additional

costs. In addition, a 2007 Deloitte study on the New Starts program found that the New Starts process is perceived by project sponsors as intensive, lengthy, and burdensome.²² For example, one project sponsor believes that FTA reviews prolonged its project development by approximately 1 year, which they estimate cost an additional \$24 million.

FTA officials have acknowledged that the requirements of the New Starts process could add time to project development and have acted to streamline the process. For example, FTA has allowed projects to conduct additional engineering while FTA reviews applications for final design. FTA has also maintained that thorough reviews of project information can identify issues and challenges with proposed investments that may later prolong project development. However, FTA officials also noted that not all project delays can be attributed to FTA or the New Starts process. FTA officials cited a number of reasons that a project could be delayed during preliminary engineering or final design that are outside FTA's control such as changes to a project's scope, changes in local political leadership, or the loss of local financial commitment. For example, according to FTA officials, the Northern Virginia (Dulles Corridor Metrorail Project—Extension to Wiehle Avenue) project was about to receive FTA approval to enter the final design phase when the Governor of Virginia requested a period of 6 months to evaluate a potential change in the project's scope—digging a large-bore 4-mile tunnel for a portion of the project—that the project sponsor eventually discarded in favor of the original design.

The lack of reliable comprehensive data makes it difficult to develop a complete understanding of the time it takes projects to move through the New Starts process. The limited information available and anecdotal examples suggest that the process can be lengthy. But, without complete and accurate data, it is difficult to know whether and to what extent the process has become more time consuming over the years or the addition of new requirements add to the length of the process. Without such information, Congress and FTA cannot reliably identify the location, causes, or extent of the pain points and which options would be an appropriate response to expedite this process. Moreover, as we have previously reported, having such information can help agencies identify

²²In June 2006, FTA commissioned Deloitte Development LLC to review the New Starts project development process and identify opportunities for streamlining or simplifying the process. See Deloitte Development LLC, *New Starts Program Assessment* (Feb. 12, 2007).

weaknesses in programs, assess factors causing the problems, and modify processes.²³

Legislative and FTA Actions Have Been Taken to Expedite the Process

SAFETEA-LU created what is commonly called the Small Starts program, a new capital investment grant program, simplifying the requirements imposed for those seeking funding for lower cost projects, such as bus rapid transit, streetcar, and commuter rail projects. This program is intended to advance smaller scale projects through an expedited and streamlined evaluation and rating process. In July 2007, FTA established the eligibility parameters for the Small Starts program. FTA created a separate eligibility category within the Small Starts program called Very Small Starts, which is for projects with a total capital cost of less than \$50 million. According to FTA, as of June 2009, one Small Starts project has been awarded a project construction grant agreement (PCGA), and another is currently being processed.²⁴ In addition, two projects have received construction funding through standard grants rather than PCGAs.

SAFETEA-LU also established the Public-Private Partnership Pilot Program (Penta-P) to demonstrate the advantages and disadvantages of public-private partnerships for certain new fixed guideway capital projects funded by FTA. In January 2007, FTA published the terms of Penta-P in the *Federal Register*.²⁵ Penta-P projects may be eligible for a simplified and accelerated New Starts review process that is intended to reduce the time and cost to project sponsors. For example, under Penta-P, the projects are eligible for consideration, on a case-by-case basis, for accelerated design approvals. Specifically, FTA could issue concurrent approvals for preliminary engineering and final design to commence, thus allowing the project to proceed with final design immediately upon completion of preliminary engineering without requiring additional approval. To date, FTA has not issued such concurrent approvals. In 2007, FTA executed memorandums of understanding for three pilot Penta-P projects that are candidates for New Starts funding: Houston, Texas; Denver, Colorado; and

²³GAO-05-927.

²⁴A project construction grant agreement, like a FFCA, is a multiyear binding agreement that formally establishes the maximum level of federal financial assistance and outlines the terms and conditions of federal financial participation. A project construction grant agreement is used for projects requiring less than \$75 million in New Starts funding with a total project cost of less than \$250 million.

²⁵72 *Fed. Reg.* 2583 (January 2007).

Oakland, California. According to FTA officials, as of July 2009, FTA has not issued concurrent approvals of the type described above as the Penta-P projects have not yet demonstrated the distribution of risk among the private and public sectors that would enable FTA to relax its normal due diligence for approvals into preliminary engineering or final design.

FTA has also implemented administrative changes designed to expedite the New Starts process. Examples of these changes include the following:

- *Regular training workshops:* FTA has developed and offered regular training workshops for project sponsors and offered information to project sponsors to end misconceptions about the New Starts process. For example, in March 2009, FTA offered two New Starts workshops in Phoenix, Arizona, and Tampa, Florida, on travel forecasting and provided the materials from these workshops on its Web site. In addition, in June 2009, FTA offered a course on alternatives analysis in Los Angeles. FTA also offers New Start roundtables that are usually 2-day meetings between FTA staff and project sponsors of projects in preliminary engineering and final design seeking New Starts funding. They consist of presentations by FTA staff and local project sponsors on topics related to New Starts planning, project development, and the evaluation and rating process.
- *Project delivery tools:* In addition to training, FTA has introduced project delivery tools to assist project sponsors with the New Starts evaluation and rating process. FTA now requires the submittal of an *alternatives analysis initiation package* summarizing corridor problems, conceptual alternatives, and preliminary evaluation measures to be used, which, according to FTA, can help to foster coordination among local participating agencies and FTA. FTA has also developed *checklists* for project sponsors to improve their understanding of the requirements of each phase of the New Starts process. Lastly, FTA has begun to use *road maps* with some project sponsors that include schedules and roles for both FTA and the sponsor.

Options Exist That Could Expedite the New Starts Project Development Process

Project sponsors, transit consultants, transit industry associations, and academics we contacted identified several options for streamlining the New Starts project development process, including combining project development phases, using nonbinding or binding agreements, adopting a more risk-based approach, and promoting project development tools.²⁶ Although each of these options could streamline the New Starts evaluation and rating process, each option has advantages and disadvantages to consider.²⁷

Combining Project Development Phases

Project sponsors and transit consultants cited combining project development phases, such as preliminary engineering and final design, as an option for expediting the New Starts project development process. Project sponsors and transit consultants told us that waiting for FTA's approval to enter preliminary engineering, final design, and construction can prolong project development. According to project sponsors, while FTA determines whether a project can advance to the next project development phase, work on the project essentially stops. Project sponsors can advance the project at their own risk, meaning they could have to redo the work if FTA does not subsequently approve an aspect of the project. The amount of time it takes for FTA to determine whether a project can advance can be significant. For example, one project sponsor told us that FTA's review of its application to advance from alternatives analysis to preliminary engineering took 8 months, about the same amount of time it took the project sponsor to complete alternatives analysis. FTA officials told us the length of time for reviews depends on a number of factors, most importantly the completeness and accuracy of the project sponsor's submissions.

To reduce the "start/stop" phenomena project sponsors described, a legislative change would be necessary to eliminate the requirement that

²⁶The options that we identify in this section of the report are based on information we obtained from our interviews with New Starts project sponsors, transit industry associations, transit consultants, and academics. Not all of these officials identified each of these as options for streamlining the New Starts evaluation and rating process. Therefore, our intent is not to focus on the frequency with which the officials identified each option, but to inform the reader about the various options that could streamline the New Starts process in the future.

²⁷As of the issuance date of this report, DOT officials were in the process of formulating its reauthorization proposal for the New Starts process. Therefore, DOT officials did not comment on the options project sponsors and industry stakeholders told us would expedite project development within the New Starts program.

FTA approve advancement of a project into final design, which would effectively combine the preliminary engineering and final design phases into one “project development” phase, as was done in SAFETEA-LU when creating a more streamlined version of the process under the Small Starts program. Furthermore, another option for legislative change would be to replace the requirement that FTA approve the advancement of a project into the preliminary engineering phase with a requirement that FTA approve a project into the overall New Starts program, which would streamline and simplify the process. In addition, the Deloitte study recommended combining preliminary engineering and final design, while simultaneously adjusting the FFGA review date to occur in the middle of this expanded phase, rather than after final design, where it traditionally happened. In this regard, the Deloitte study reflected the sentiments of project sponsors and consultants we interviewed, who said that combining phases and/or creating a programmatic approval²⁸ would allow FTA to signal its intent to recommend a project for funding at an earlier point than the current project development process allows. This would give sponsors more opportunity to pursue private financing arrangements and alternative project delivery methods, such as those being carried out under Penta-P, as this federal funding provides the certainty needed to encourage private sector participation. In addition to combining phases, the Deloitte study also recommended that FTA redefine or more clearly define the project phases to more accurately reflect FTA’s current requirements and to better accommodate alternative delivery methods.

There are limitations to combining phases of the New Starts project development process. One limitation to combining phases and clarifying them is that a legislative change would be necessary. Another limitation is that, depending on how it is accomplished, combining phases could impact how FTA integrates NEPA requirements into the project development process. Finally, combining phases would reduce the opportunities for FTA to monitor and evaluate high-value projects at important interim phases; therefore, increasing the potential for issues or problems to go undetected.

²⁸Approval to enter the New Starts program would convey FTA’s intent to recommend a project for funding so long as the project continued to meet certain broad criteria and satisfy NEPA and other project development conditions.

Consider Greater Use of Letters of Intent and Early Systems Work Agreements

The linear, phased evaluation process of the New Starts program has historically hampered project sponsors' ability to utilize alternative project delivery methods, such as design-build, according to project sponsors.²⁹ These alternative project delivery methods have the potential to develop a project cheaper and quicker than traditional project delivery methods can. However, project sponsors told us it is difficult to attract private sector interest early enough in the project development process to use alternative project delivery methods because there is no guarantee that the project will ultimately receive federal funding through the New Starts program. The Deloitte study also noted that New Starts project sponsors miss the opportunity to use alternative project delivery methods because of the lack of early commitment of federal funding for the projects. To encourage the private sector involvement needed, project sponsors, consultants, and experts we interviewed suggested that FTA use letters of intent, which are nonbinding agreements, or early system work agreements, which are binding agreements. Through a letter of intent, FTA announces its intention to obligate an amount from future available budget authority to a project. According to private sector entities we interviewed, such an intended obligation sends a signal of federal support for a project and, therefore, attaches more certainty to the project. A challenge of using letters of intent is that they can be misinterpreted as an obligation of federal funds, when in fact they only signal FTA's intention to obligate future funds should the project meet all New Starts criteria and requirements, and budget authority is available. In addition, because FTA reserves, or sets aside, commitment authority, or contract authority,³⁰ when it issues letters of intent, issuing more such letters would reduce the availability of this authority at a faster pace than issuing more early systems work agreements. Letters of intent cover the project's full federal share and, while early systems work agreements actually obligate federal funds, they obligate only a portion of a project's federal share. As such, it

²⁹Design-build is a project delivery approach where, in contrast to the design-bid-build approach that FTA's project evaluation process is aligned with, the design and construction are contracted out to a single entity. This approach is used to minimize the project risk for an owner and to reduce the delivery schedule by overlapping the design phase and construction phase of a project. Design-bid-build is a project delivery approach in which the agency or owner (e.g., transit operator) contracts with separate entities for the design and construction of a project.

³⁰Contract authority is budget authority that permits an agency to incur obligations in advance of appropriations, including collections sufficient to liquidate the obligation or receipts. Contract authority is unfunded, and a subsequent appropriation or offsetting collection is needed to liquidate the obligations. GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: September 2005).

is possible that, with more frequent use of letters of intent, FTA's commitment authority could be depleted earlier than expected, which could affect the anticipated funding stream for future projects. Finally, another challenge of using an early systems work agreement is that the law specifies that FTA can only enter into this type of agreement with a project if a Record of Decision under NEPA has been issued, and the Secretary finds that a FFGA for the project will be made and the terms of the agreement will promote ultimate completion of the project more rapidly and at less cost, thus limiting FTA's ability to use these agreements.

Tailor the New Starts Evaluation Process to Risks Posed by the Projects

Project sponsors, consultants, and experts we interviewed suggested that FTA adopt a more risk-based evaluation process for New Starts projects based on a project's cost or complexity, the federal share of the project's cost, or the project sponsor's New Starts experience. For example, FTA could align the level of oversight with the proposed federal share of the project—that is, the greater the financial exposure for the federal government, the greater the level of oversight. This was employed with the creation of the Small Starts program, which is intended to provide a more streamlined process for smaller and less costly projects. Similarly, FTA could reduce or eliminate certain reviews for project sponsors who have successfully developed New Starts projects in the past, while applying greater oversight to project sponsors who have no experience with the New Starts project development process. We have noted the value in using risk-based approaches to oversight. For example, we have previously reported that assessing risks can help agencies allocate finite resources and help policymakers make informed decisions.³¹ By adopting a more risk-based approach, based on, for example, project sponsor experience, project scope, total project cost, or federal share of the cost, FTA could allow select projects to move more quickly through the New Starts project development process and more efficiently use its scarce resources. However, a trade-off of not applying all evaluation measures to every project is that FTA could miss the opportunity to detect problems early in the project's development. Further, this practice may move FTA away from their stated management objective of treating “all projects equitably across the U.S.”

³¹GAO, *Highlights of a Forum Convened by the Comptroller General of the United States: Strengthening the Use of Risk Management Principles in Homeland Security*, [GAO-08-627SP](#) (Washington, D.C.: April 2008).

Consistently Use Project Development Tools

Project sponsors said that FTA should more consistently use road maps or similar tools to define the project sponsor's and FTA's expectations and responsibilities for moving the project forward. Without establishing these expectations, project sponsors have historically had little information about how long it will take FTA to review, for example, their request to move from alternatives analysis to preliminary engineering. This lack of information makes it difficult for the project sponsor to effectively manage the project. Additionally, FTA previously identified an "adequate schedule" as a key factor of successful project implementation. Given the benefits of clearly setting these expectations, Deloitte recommended that FTA use road maps for all projects. The Deloitte study also observed that project sponsors would like to see FTA use more project development agreements, or similar vehicles, early in the development process because they help clarify expectations on both sides.³²

The following project development tools could increase the transparency of and help project sponsors navigate the New Starts project development process:

- *Road maps or similar project schedules:* FTA has used road maps for select projects, but the agency does not consistently use them for all projects. According to FTA, the agency is currently working with project sponsors to establish road maps for all projects. However, according to some project sponsors, a limitation of using road maps is that expected time frames are subject to change—that is, project schedules often change as a project evolves throughout the development process. Furthermore, every project is unique, making it difficult to set a realistic time frame for each phase of development. Consequently, the road maps can provide only rough estimates of expected time frames.
- *Project development agreements (PDA):* FTA has used project development agreements, on a limited basis, to help streamline the New

³²FTA included a provision for project development agreements in its Notice of Proposed Rulemaking issued in August, 2007, which proposed mandatory execution of project development agreements before projects could be accepted into preliminary engineering. However, the notice was withdrawn in February, 2009 after FTA determined withdrawal was "warranted due to an intervening statutory change." That change was the June 2008 SAFETEA-LU Technical Corrections Act, which required FTA to "give comparable, but not necessarily equal, numerical weight to each project justification criteria in calculating the overall project rating" for both New Starts and Small Starts projects. In withdrawing the notice, FTA wrote that those revisions would require such a fundamental change to how FTA weighs the criteria that a new approach to rulemaking for the New Starts and Small Starts programs was required.

Starts project development process. PDAs require project sponsors and FTA to agree on three components: a delivery schedule, a review of key project development deliverables, and clear expectations from both sides for demonstrating project development progress, so that each would be held accountable for the advancement of a project. However, an FTA official stated that there are differences of opinion inside FTA as to the relative efficacy of road maps versus project development agreements. In addition, FTA told us that, as legal documents, PDAs take so long to negotiate with project sponsors that they may not offer a streamlining advantage. Because of that, some FTA staff members have stated a preference for road maps over PDAs and, as an alternative to PDAs, are currently using the informal road maps described above to establish milestones and timelines.

Apply Policy and Guidance Changes Only to Future Projects

Project sponsors told us that the frequent policy and guidance changes to the New Starts program can result in additional costs and delays as project sponsors are required to redo analyses to reflect the changes. In May 2006, FTA modified its policy so that a project that has been approved for entry into final design would no longer be subject to changes in New Starts policy and guidance.³³ However, this policy change does not apply to projects approved for entry into preliminary engineering, which is the New Starts project development phase that has the most requirements for project sponsors and the phase where project sponsors told us that frequent changes result in additional costs and delays. For example, sponsor officials for one project told us that shortly after they submitted their preliminary engineering approval materials to FTA, FTA established a new, internal rule that required a risk assessment to take place prior to FTA's approval to enter preliminary engineering, instead of during preliminary engineering. To protect the development schedule, the officials asked for, but were denied, approval for the project to proceed under the existing guidance that placed risk assessment activities during preliminary engineering, or at least to perform the risk assessment concurrently with preliminary engineering approval to maintain the schedule. The sponsor said the overall effect of the change was a delay of the preliminary engineering approval by about 4 months. According to FTA officials, FTA typically allows "grace periods" when implementing major policy changes to provide sponsors stability and time to adapt to

³³This policy would not exempt a project from new statutory or regulatory guidelines, as it is outside FTA's authority to do so.

those changes. Furthermore, another project sponsor noted that new requirements can prolong project development because each element of a proposed project is interrelated, so changing one requirement can stop momentum on a project. To avoid this rework, some project sponsors, consultants, and experts we interviewed suggested that FTA apply changes only to future projects, not projects currently in preliminary engineering. However, by not applying changes to projects in preliminary engineering, FTA could miss the opportunity to enhance its oversight of these projects. Also, applying changes to some projects but not to others would require FTA staff to create and apply multiple sets of rules to the project management process, which could create an administrative burden and move away from a consistent evaluation process.

Revise the Internal Review Process and the Use of Project Management Oversight Contractors

Project sponsors told us that FTA could minimize delays due to the stop/start nature of the development process by an adjustment to FTA staffing or contractor support levels to allow for multiple, simultaneous reviews of sponsors' projects, and could reduce uncertainty by changing the way the agency selects and trains oversight contractors. Consultants and sponsors told us that FTA's "first-in, first-out" approach to the review process, while not agency policy, sometimes can result in FTA reviewing only one project at a time, in the order they arrive. FTA told us this happens occasionally because of overlapping demands placed on oversight contractors, who are not able to perform simultaneous reviews. As a result, the development of low-risk projects is often prolonged if they happen to sit in the queue behind more complex projects that were submitted earlier. The Deloitte study recommended, and consultants and a sponsor we interviewed agreed, that FTA could adjust its process or staffing, as needed, to enable multiple reviews to be conducted in parallel. In addition, sponsors and consultants we interviewed told us some of FTA's PMOCs have little experience with New Starts or Small Starts projects, leaving them uncertain about FTA requirements. As a consequence, inexperienced PMOCs sometimes provide inconsistent guidance, resulting in sponsors having to re-do work, adding time to the development process. To reduce the PMOC's uncertainties about FTA's requirements, FTA could provide them with additional training, especially when regulatory and administrative requirements change. FTA could also streamline the process by using staff, instead of contractors, to oversee project sponsors. Since staff possesses more institutional knowledge, they would provide sponsors more certain guidance. However, shifting more oversight work inside FTA would add to the scope and complexity of FTA's work and could, therefore, create staffing challenges.

Conclusions

FTA's New Starts program is often cited as a model for other federal transportation programs. FTA's recommendations for funding are based on a rigorous examination of proposed projects, and Congress has generally followed FTA's funding recommendations. However, there is concern among some Members of Congress and the transit industry about the project development process, namely that it has become too time consuming, costly, and complex.

Despite congressional and FTA actions to streamline the New Starts project development process, it continues to be viewed as time consuming and lengthy. However, the specific areas of concern that lead to delays, are difficult to determine because of a paucity of information about the time it has taken projects to move through the New Starts process. Moreover, this lack of adequate data makes it difficult for Congress and FTA to assess the extent to which federal efforts designed to expedite the New Starts process are succeeding. Although each project is unique, providing this information could also help set general expectations about the length of the process for potential project sponsors. While FTA has taken some steps to improve its data collection and retention, additional work is needed. As stewards of the New Starts program, which provides millions of dollars to local communities for transit projects each year, it is FTA's responsibility to ensure that program changes are based on accurate and reliable information.

Through our interviews with project sponsors, transit industry consultants, and transportation experts, as well as our review of existing research, we identified a number of potential options to expedite project development within the New Starts program. However, FTA must also strike the appropriate balance between expediting project development and maintaining the rigor and accountability of the New Starts program. As FTA works to develop its proposal for the New Starts program for the upcoming surface transportation reauthorization, considering the advantages and disadvantages of these options, including any potential trade-offs, could help FTA select any options that expedite the process while maintaining the rigorous oversight of the process. It is important that the length of project development within New Starts program does not serve as a deterrent as more communities turn to transit to solve their transportation challenges.

Recommendations for Executive Action

To improve the New Starts program, we recommend that the Secretary of Transportation direct the FTA Administrator to take the following two actions:

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- continue to improve data collection and retention for statutorily defined milestones and determine if additional data would help to better describe the time it takes for a project to move through the New Starts process. In doing so, FTA should establish mechanisms to ensure the accuracy of the data and routinely analyze the data in order to identify the length of time it takes projects to move through each phase, potential causes for perceived delays, and potential solutions. FTA should make its analysis available to Congress and other interested parties.
 - analyze the streamlining options identified in this report, along with any additional options, to determine which options, if any, to implement—seeking legislative change if necessary—to expedite the project development within the New Starts program.

Agency Comments and Our Evaluation

We provided the DOT, including FTA, with a draft copy of this report for review and comment. In e-mail comments, DOT agreed with our recommendation to consider options to expedite project development, noting that the options we identified to help expedite project development within the New Starts program are consistent with the options that FTA has been discussing with transit stakeholders and congressional staff. However, DOT disagreed with our recommendation on data, as originally drafted, because it did not recognize FTA's ongoing efforts to improve its data collection. In addition, in its comments, FTA acknowledged that there are always opportunities to improve various aspects of the program, including some of the data collection efforts discussed in this report, but noted that the agency has maintained, and has access to, the information necessary to effectively track active projects and review progress through milestones for past projects. Furthermore, FTA expressed concern that the report uses a standard for data management that is neither intended nor necessary for effective project management. FTA officials also stated that, even with the most comprehensive milestone data, each project represents a unique set of challenges that will impact the time it takes for a project to pass through the New Starts process. More broadly, FTA officials stated that they use milestone data to manage the program and make changes to improve the program.

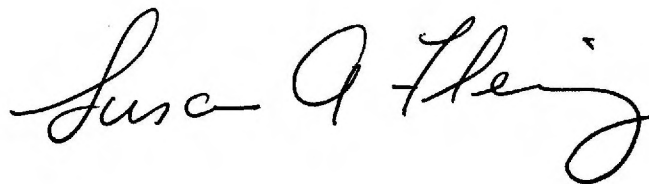
To address these comments, we incorporated additional information about FTA's ongoing efforts to strengthen its data management process in the report. We also revised in the report the recommendation on data collection to reflect FTA's ongoing work while still emphasizing the need to improve the agency's milestone data collection and retention, including the reliability and accuracy of the data. In addition, we agree that each

New Starts project represents a unique set of circumstances that will affect the time it takes to pass through FTA decision phases and further recognized this fact in the report. However, we disagree with the assertion that we hold this information to a standard neither intended nor necessary for effective program management. An effective system of internal controls requires that managers have relevant and reliable information to better achieve agencies' missions and program results. As we note in the report, FTA project milestone data are unreliable and, in some cases, inaccurate, which can jeopardize effective program management. We and others have recognized FTA's New Starts process as providing a sound, rigorous and systematic process for identifying projects worthy of federal discretionary funding for major transit investments, and analysis based on reliable data will only help strengthen FTA's management of the program. We, therefore, believe that this recommendation, as revised, is valid.

DOT also provided technical clarifications, which we incorporated as appropriate.

We are sending copies of this report to appropriate congressional committees and DOT. The report also is available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at flemings@gao.gov or (202) 512-2834. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix IV.



Susan A. Fleming
Director, Physical Infrastructure Issues

Appendix I: Administration Requests \$1.83 Billion in Fiscal Year 2010 Funding for New Starts, Small Starts, and Very Small Starts Projects

FTA Evaluated and Rated 14 New Starts Projects and Recommended 5 New Projects for Funding in Fiscal Year 2010

The Federal Transit Administration evaluated and rated 14 New Starts projects in preliminary engineering and final design during the fiscal year 2010 cycle. FTA also reviewed the progress but did not rate 5 projects that are statutorily exempt from being rated.¹ (See table 4 for a full list of these projects.)

Table 1: New Starts Projects Evaluated and Rated for Fiscal Year 2010 by Phase of New Starts Process

Dollars in millions				
Project name	Location	Total capital cost	Federal share of capital cost	Overall project rating
Final design				
New Britain—Hartford Busway	Hartford, Conn.	\$569.3	48%	Medium
Urban Transitway Phase II	Stamford, Conn.	\$48.3	51%	Exempt
Wilmington to Newark Commuter Rail Improvements	Wilmington, Del.	\$78.4	32%	Exempt
Central Florida Commuter Rail Transit—Initial Operating Segment ^a	Orlando, Fla.	\$357.2	50%	Medium
Access to the Region's Core ^b	Northern New Jersey	\$8,700.0	34%	Medium-high
South County Commuter Rail	Providence, R.I.	\$49.2	51%	Exempt
Preliminary engineering				
Modern Streetcar ^c	Tucson, Ariz.	\$150.1	17%	Exempt
South Corridor Phase 2 ^a	Sacramento, Calif.	\$270.0	50%	Medium
Central Subway LRT	San Francisco, Calif.	\$1,298.0	59%	Medium-high
East Corridor ^c	Denver, Colo.	\$2,043.8	39%	Medium
Gold Line ^c	Denver, Colo.	\$859.5	28%	Medium
Orange Line Phase 2: North Corridor Metrorail Extension	Miami, Fla.	\$1,504.7	47%	Medium-low
Assembly Square Station ^c	Boston, Mass.	\$47.7	52%	Exempt
Silver Line Phase III	Boston, Mass.	\$2,106.5	60%	Medium-low
Central Corridor LRT	St. Paul-Minneapolis, Minn.	\$914.9	50%	Medium-high
Northeast Corridor Light Rail Project	Charlotte, N.C.	\$749	50%	Medium-high

¹Projects requesting less than \$25 million in New Starts funding were not evaluated and rated during the fiscal year 2010 cycle because under 49 U.S.C. §5309(e)(1)(B) they are exempt from the New Starts evaluation and rating process until such time as a final regulation implementing certain provisions of SAFETEA-LU is completed.

Appendix I: Administration Requests \$1.83 Billion in Fiscal Year 2010 Funding for New Starts, Small Starts, and Very Small Starts Projects

Dollars in millions

Project name	Location	Total capital cost	Federal share of capital cost	Overall project rating
Milwaukee LRT ^c	Portland, Ore.	\$1,471.7	50%	Medium-high
North Corridor LRT ^{a, c}	Houston, Tex.	\$677.0	49%	Medium
Southeast Corridor LRT ^{a, c}	Houston, Tex.	\$680.6	49%	Medium

Source: GAO summary of *New Starts Annual Report on Funding Recommendations for Fiscal Year 2010*.

Note: Projects in this table are listed in alphabetic order by state.

^aThese projects have been recommended for full funding grant agreements and are in final design or expected to be approved into final design before the end of summer 2009, the environmental process has been completed, and any needed railroad agreements have been negotiated and are at or near completion.

^bThis project has been recommended for an early system work agreement.

^cThese projects have been approved into New Starts preliminary engineering since the publication of the fiscal year 2009 annual report.

Of the 14 New Starts projects evaluated and rated during the fiscal year 2010 cycle, FTA recommended five new projects for funding through full funding grant agreements (FFGA) or early system work agreements (ESWA) this year. In its annual report, FTA states that these projects recommended for funding are in final design or expected to be approved into final design before the end of summer 2009, the environmental process has been completed, and any needed railroad agreements have been negotiated and are at or near completion. For these projects, FTA recommends a total of \$430 million in New Starts funding in fiscal year 2010. The total capital cost of these projects is estimated to be approximately \$11.14 billion.

FTA also recommended, as part of the President's budget request, reserving \$81.79 million in New Starts funding for projects that may attain the FFGA milestone in the budget year but have not sufficiently progressed in project development for FTA to recommend them in the budget request. FTA has not specified which projects will be eligible for this funding or allocated a particular amount for any given project. According to the annual report and officials we spoke with at FTA, this approach will allow the agency to make "real time" funding recommendations as project uncertainties are mitigated, and Congress makes final appropriations decisions. FTA does not expect that all of the projects in preliminary engineering will advance to final design in fiscal year 2010.

FTA Evaluated and Rated 21 Small Starts and Very Small Starts Projects and Recommended Funding for 16 Projects

FTA evaluated and rated 21 eligible Small Starts and Very Small Starts projects for the fiscal year 2010 cycle. These include 1 project with a pending project construction grant agreement,² 16 projects that have demonstrated sufficient readiness to be considered for funding in the fiscal year 2010 President's budget request, and 4 projects that have not yet demonstrated readiness to be considered for funding.³ (See table 5 for a full list of these projects.) FTA recommends a total of \$174.27 million in funding for Small Starts, including Very Small Starts, projects. The total capital cost of the 16 projects that FTA recommended for funding is estimated to be \$895.11 million. Most of these projects are proposed to be funded under a multiyear PCGA. However, if a project requests less than \$25 million in Small Starts funding or has received its full appropriations, FTA will award funds in a single-year capital grant rather than a PCGA.

Table 2: Small Starts and Very Small Starts Projects Evaluated and Rated for Fiscal Year 2010

Dollars in millions					
Project name	Location	Total capital cost	Federal share of capital cost	Overall project rating	Type of project
Mountain Links BRT ^a	Flagstaff, Ariz.	\$10.4	60%	Medium	Very Small Starts
Livermore-Amador Route 10 BRT ^a	Livermore, Calif.	\$21.7	50%	Medium	Very Small Starts
Metro Rapid Bus System Gap Closure ^a	Los Angeles, Calif.	\$34.5	48%	Medium-high	Very Small Starts
Wilshire Boulevard Bus-Only Lane ^a	Los Angeles, Calif.	\$31.5	74%	Medium	Very Small Starts
Monterey Bay Rapid Transit ^{a, b}	Monterey, Calif.	\$3.5	80%	Medium	Very Small Starts
East Bay BRT ^b	Oakland, Calif.	\$234.6	32%	High	Small Starts
Perris Valley Line ^a	Riverside, Calif.	\$168.9	44%	Medium-high	Small Starts

²Financial assistance for construction of Small Starts projected is provided through a PCGA, which are similar to FFGAs and are negotiated during project development.

³In the fiscal year 2010 New Starts annual report, FTA recommends a Small Starts project, Portland Streetcar Loop, for a PCGA even though it received a low cost-effectiveness rating. According to an FTA official we spoke with, FTA is advancing the project for funding because it meets all the statutory criteria. The official also noted that the policy instituted in 2005 that all projects receive a medium cost-effectiveness rating before they are recommended for funding was an "administrative requirement" of the previous administration, and the new administration believes that the Portland project is worth funding given its other predicted benefits.

Appendix I: Administration Requests \$1.83 Billion in Fiscal Year 2010 Funding for New Starts, Small Starts, and Very Small Starts Projects

Dollars in millions

Project name	Location	Total capital cost	Federal share of capital cost	Overall project rating	Type of project
E Street Corridor sbX BRT ^a	San Bernardino, Calif.	\$163.4	46%	Medium	Small Starts
Mid-City Rapid ^a	San Diego, Calif.	\$43.3	50%	Medium-high	Very Small Starts
Van Ness Avenue BRT	San Francisco, Calif.	\$118.2	63%	Medium-high	Small Starts
Metro Express—Airport Way Corridor BRT ^{a, b}	San Joaquin, Calif.	\$9.7	29%	Medium-high	Very Small Starts
Mason Corridor BRT ^a	Fort Collins, Colo.	\$82.0	80%	Medium	Small Starts
BRT Projectab	Roaring Fork Valley, Colo.	\$46.4	56%	Medium-high	Very Small Starts
Commuter Rail Improvements ^a	Fitchburg, Mass.	\$150.0	50%	Medium-high	Small Starts
Division Avenue BRT	Grand Rapids, Mich.	\$36.7	80%	Medium	Very Small Starts
Troost Corridor BRT ^a	Kansas City, Mo.	\$30.7	80%	Medium	Very Small Starts
Nostrand Avenue BRT ^b	New York City, N.Y.	\$88.3	21%	High	Small Starts
Streetcar Loop ^c	Portland, Ore.	\$126.9	59%	Medium	Small Starts
MetroRapid BRT ^{a, b}	Austin, Tex.	\$47.0	80%	Medium	Very Small Starts
Bellevue-Redmond BRT ^a	King County, Wash.	\$27.0	75%	Medium	Very Small Starts
Pacific Highway South BRT ^a	King County, Wash.	\$25.1	56%	Medium	Very Small Starts

Source: GAO summary of *New Starts Annual Report on Funding Recommendations for Fiscal Year 2010*.

Note: Projects in this table are listed in alphabetic order by state.

^aThese projects have been recommended for funding in fiscal year 2010.

^bThese projects have been approved into Small Starts Project Development since the publication of the fiscal year 2009 report.

^cThis project has a pending PCGA. The fiscal year 2009 annual report recommended the Portland Streetcar Loop project for funding but noted that while it did receive an overall rating of medium it did not achieve a Medium rating for cost effectiveness. As the project meets all the statutory criteria, FTA is advancing the project for funding.

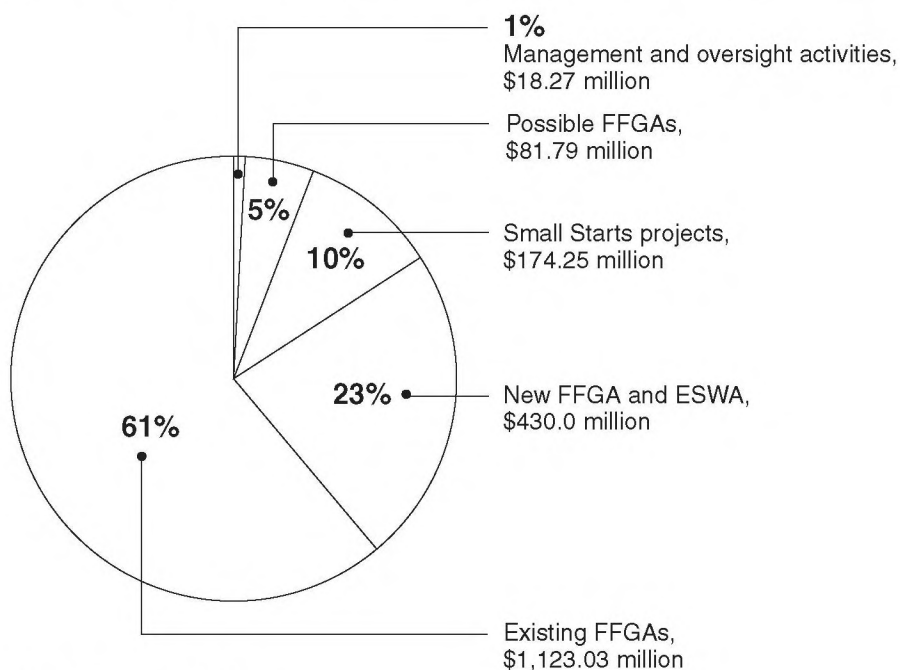
FTA's Fiscal Year 2010 Budget Proposal Recommends \$1.83 Billion for the New Starts Program

The administration's fiscal year 2010 budget proposal recommends that \$1.83 billion be made available for the New Starts program. This amount is \$81.093 million more than the program's fiscal year 2009 appropriation. Figure 4 illustrates the planned uses of the administration's proposed request for the New Starts fiscal year 2010 budget, including the following:

- \$1,123.03 million would be allocated among the 19 projects with existing FFGAs,

- \$430.0 million would be allocated among the 5 projects newly recommended for funding through FFGAs or ESWAs,
- \$81.79 million would be allocated to projects that may attain the FFGA milestone in the budget year but have not sufficiently progressed for FTA to recommend them in the budget request,
- \$174.25 million would be allocated among the 16 Small Starts projects newly recommended for funding, and
- \$18.27 million for management and oversight activities.

Figure 4: Allocation of FTA's Recommended Fiscal Year 2010 Budget for New Starts



Source: GAO analysis of FTA data.

Note: FTA is authorized to use up to 1 percent of amounts made available for the New Starts program for project management and oversight activities.

Recovery Act Funding Allowed FTA to Accelerate Payments to Projects with FFGAs

The American Recovery and Reinvestment Act (Recovery Act) provided FTA with over \$740 million in funding for the New Starts program. This funding for surface transportation projects allowed FTA to accelerate payments to transit projects with existing FFGAs and PCGAs. FTA distributed Recovery Act funding to 11 projects in construction with fiscal

year 2010 commitments. More specifically, FTA distributed at least 40 percent of each project's scheduled fiscal year 2010 payment in Recovery Act funding. According to FTA, 5 projects with demonstrated cash flow needs that exceeded this distribution received additional funding. This funding will not require amendments or significant changes to any FFGAs because the overall federal share of the total project costs did not change.

**FTA Has About \$879
Million Remaining in
SAFETEA-LU Contingent
Commitment Authority**

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users Act (SAFETEA-LU), like the Transportation Equity Act for the 21st Century, allowed FTA to make contingent commitments for funding to projects beyond what is authorized in law, subject to future authorizations and appropriations.⁴ According to FTA, SAFETEA-LU and the Recovery Act gave FTA a total contingent commitment authority of \$14.37 billion, of which \$12.684 billion has been committed through FFGAs and preliminary engineering and final design activities for projects through fiscal year 2009.

FTA officials said that the agency has approximately \$879 million remaining in contingent commitment authority after consideration of fiscal year 2010 funding recommendations. FTA officials also told us that they need additional authority for commitment beyond fiscal year 2010 because FTA is not permitted to spend money beyond its authorized level. FTA officials noted that the available level of contingent commitment authority did not influence their fiscal year 2010 recommendations. Further, they stated that they were able to recommend all of the projects deemed ready for funding because of the additional Recovery Act funding.

⁴See Pub. L. No. 109-59, § 3011(g)(2)(B)(i), 119 Stat. 1144, 1580 (2005), codified at 49 U.S.C. § 5309(g)(2)(B)(ii). This contingent commitment authority is designed to allow FTA to execute grant agreements that extend beyond SAFETEA-LU's 5-year period.

Appendix II: Scope and Methodology

To evaluate the time it has generally taken for projects to move through the New Starts process we collected and attempted to verify FTA data on New Starts projects that have advanced through the New Starts process and received FFGAs after June 1997 to determine the length of time each project spent in each stage of the process. However, we found this data to be unreliable based on our reviews of FTA files on a random sample of 10 projects' milestone dates. We also attempted to collect data from project sponsors to establish how long it has taken projects to move through the New Starts process. We contacted each project sponsor and requested seven milestone dates from alternatives analysis through FFGA. We received verifiable data for 30 of the 40 projects approved into a FFGA since June 1997. However, of the 30 projects, we received complete sets of milestone data for 9 projects. Due to the number of projects with complete data, the data from these 9 projects are not generalizeable to the 40 New Starts projects. The verifiable data included the dated letters the project sponsors sent to or received from FTA. The data for the beginning of alternatives analysis are based on several documents, including local government board meeting minutes that record a decision for the locality to begin alternatives analysis. We also examined the 2007 Deloitte Development, LLC, report on FTA's New Starts process and interviewed the project leader for this study to obtain information on the time it takes for New Starts projects to move through the process.

To determine the steps Congress and FTA have taken to expedite the New Starts process, we reviewed documents including our reports on the New Starts program, federal legislation such as SAFETEA-LU, as well as other applicable New Starts requirements, and FTA New Starts policy guidance. In addition, we interviewed FTA officials and attended the American Public Transportation Association's March 11, 2009, legislative conference, at which FTA gave a presentation on the New Starts and Small Starts programs, to obtain information on steps taken by Congress and FTA to expedite the New Starts process.

To assess the options that exist to expedite the process, we collected and analyzed information from relevant reports. In particular, we examined the recommendations from the 2007 Deloitte Development, LLC, report on FTA's New Starts process and the American Public Transportation Association's October 2008 report on transportation authorizing law. We interviewed FTA officials, transportation experts and consultants, industry groups, and project sponsors that chose not to enter the New Starts pipeline to identify factors contributing to New Starts project timeline challenges, as well as actions FTA and Congress have taken to expedite the New Starts process. We also interviewed these officials to identify

additional changes that could streamline the project development process, as well as the advantages and disadvantages.

Additionally, we interviewed 9 project sponsors about 10 projects, including those currently in the New Starts pipeline and those under a FFGA, about their experiences with and perceptions of the New Starts process. For each of these projects we interviewed the relevant project sponsor or contractor, as well as FTA officials with experience evaluating and overseeing the project. We selected these projects based on the following criteria: (1) timing (i.e., when projects received a FFGA); (2) mode (e.g., rail, light rail, or bus); (3) scope (i.e., the total cost of the project); and (4) projects from different geographic areas. Because the projects were selected as a nonprobability sample, the results cannot be generalized to all projects.¹ Table 3 lists the New Starts and Small Starts project sponsors we interviewed for our review.

Table 3: New Starts and Small Starts Project Sponsors Interviewed

Name of project sponsor	Location	Project type
AC Transit	Oakland, Calif.	Small Starts
Charlotte Area Transit System	Charlotte, N.C.	New Starts
City of Fort Collins	Fort Collins, Colo.	Small Starts
Connecticut Department of Transportation	Hartford, Conn.	New Starts
Metropolitan Council	St. Paul, Minn.	New Starts
Metropolitan Transportation Authority	New York City, N.Y.	New Starts
Metropolitan Washington Airports Authority	Northern Virginia	New Starts
Tri-County Metropolitan Transportation District of Oregon	Portland, Ore.	New Starts
Utah Transit Authority	Salt Lake City, Utah	New Starts

Source: GAO.

To describe the New Starts and Small Starts projects evaluated, rated, and recommended for funding in fiscal year 2010 by FTA, we reviewed FTA's *Annual Report on New Starts for Fiscal Year 2010* and interviewed FTA officials. We spoke to the FTA officials about the number of projects evaluated, rated, and recommended for funding, the amount of funding

¹Results from nonprobability samples cannot be used to make inferences about a population because in a nonprobability sample some elements of the population being studied have no chance or an unknown chance of being selected as part of the sample.

requested for these projects, the total costs of proposed projects, as well as how FTA allocated its Recovery Act funding.²

²American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, title XII, 123 Stat. 115, 209-211.

Appendix III: Timeline Data on New Starts Projects That We Collected from Project Sponsors, by Mode

	Beginning alternatives analysis	Request entry preliminary engineering	Approval into preliminary engineering	Request entry final design	Approval into final design	Request full funding grant agreement	Approval funding grant agreement	Mode
Central Light rail Double Track Project (Md.)			Jan. 1999		Aug. 2000		July 2001	Light rail
CTA Ravenswood Line Extension (Ill.)				Apr. 2002	Aug. 2002	Jan. 2003	Jan. 2004	Heavy rail
Dulles Corridor Metrorail Project—Extension to Wiehle Ave. (Va.) ^a		Aug. 2003	June 2004	Sept. 2007	May 2008	Oct. 2008	Mar. 2009	Heavy rail
Eastside Corridor LRT Project (Calif.)	June 1999	July 2000	Oct. 2000	May 2002	Oct. 2002	May 2003	June 2004	Light rail
Euclid Corridor Transportation Project (Ohio)	Mar. 1993		Sept. 1996	Dec. 2001	July 2002	Sept. 2002	Oct. 2004	Bus
Hiawatha Avenue Corridor (Minn.)				Sept. 1999	Apr. 2000	June 2000	Nov. 2000	Light rail
Hudson Bergen Light rail Transit System (N.J.)							Oct. 2000	Light rail
Interstate Max Project: North/South Corridor (Ore.) ^a	Apr. 1993			Oct. 1999	Feb. 2000		Sept. 2000	Light rail
Largo Town Center Metrorail Extension (D.C.)			July 1997		July 2000	May 2000	Dec. 2000	Heavy rail
Medical Center Rail Extension (Tenn.)		Oct. 1997	Apr. 1998	Dec. 1999	May 2000		Dec. 2000	Light rail
Metra North Central Service Improvements (Ill.)	Apr. 1997	Dec. 1997	Jan. 1999	May 2000	Oct. 2000	Mar. 2001	Nov. 2001	Commuter rail
Metra South West Service Improvements and Extension (Ill.)	Apr. 1997	Dec. 1997	Jan. 1999	Oct. 2000	Jan. 2001	Mar. 2001	Nov. 2001	Commuter rail
Metra Union Pacific West Line Extension/Central Kane (Ill.)	Apr. 1997	Dec. 1997	Jan. 1999	Aug. 2000	Jan. 2001	Mar. 2001	Nov. 2001	Commuter rail
MTA Long Island rail Road East Side Access (N.Y.) ^a					Feb. 2002	June 2006		Commuter rail

**Appendix III: Timeline Data on New Starts
Projects That We Collected from Project
Sponsors, by Mode**

	Beginning alternatives analysis	Request entry preliminary engineering	Approval into preliminary engineering	Request entry final design	Approval into final design	Request full funding grant agreement	Approval funding grant agreement	Mode
Newark Elizabeth rail Link (N.J.)							Aug. 2000	Light rail
North Shore Light rail Transit Connector (Pa.)	Jan. 1999	Sept. 2000		Sept. 2002	Apr. 2003	Jan. 2006	Sept. 2006	Light rail
Norfolk Light rail Transit Project (Va.)	Sept. 1993	Aug. 2002	Nov. 2002	Nov. 2005	Sept. 2006	Feb. 2007	Oct. 2007	Light rail
Northstar Corridor rail Project (Minn.) ^a		Mar. 2000	June 2000	June 2001	Sept. 2006	June 2007	Dec. 2007	Commuter rail
Oceanside Escondido rail Project (Calif.)		June 1997	Jan. 1998	Nov. 1999	Mar. 2000	Apr. 2002	Feb. 2003	Light rail
Rehabilitate CTA Douglas Branch (Ill.)				Feb. 2000	June 2000	Dec. 2000	Jan. 2001	Heavy rail
San Francisco Airport Extension (Calif.)	June 1990	Aug. 1992	Oct. 1992			Mar. 1996	June 1997	Heavy rail
Second Avenue Subway (N.Y.) ^a			Dec. 2001	Mar. 2006	Apr. 2006		Nov. 2007	Heavy rail
South Corridor I-205/ Portland Mall Light rail Project (Ore.) ^a	Apr. 1993	Aug. 2003	Mar. 2004	Apr. 2005	Oct. 2005	Mar. 2006	June 2007	Light rail
South Corridor LRT, (N.C.) ^a	Dec. 1997	June 2000	Sept. 2000	May 2003				Light rail
Southeast Corridor Light rail (T-Rex) (Colo.)	Apr. 1995	Nov. 1997	Feb. 1998	Apr. 2000	May 2000	Oct. 2000	Nov. 2000	Light rail
South Florida Double Track Corridor Improvement Program (Fla.)						Nov. 1999	Apr. 2004	Commuter rail
Stage II LRT (Pa.)		Dec. 1995	Feb. 1996			Apr. 2000	Jan. 2001	Light rail
University Link LRT (Wash.)	Apr. 2001	Aug. 2005	Dec. 2005	May 2006	Dec. 2006	Jan. 2008	Jan. 2009	Light rail
Wilsonville to Beaverton Commuter rail Project (Ore.) ^a				May 2002	May 2004		Oct. 2006	Commuter rail
West Corridor Light rail (Colo.)	Apr. 1995	Dec. 2000	Mar. 2001	June 2005	Aug. 2005	June 2008	Jan. 2009	Light rail

Source: GAO analysis of project sponsor documents.

**Appendix III: Timeline Data on New Starts
Projects That We Collected from Project
Sponsors, by Mode**

^aDesignates projects whose sponsors we interviewed, and from whom we collected data.

Note: The data in this table are based on dated letters the project sponsors sent to or received from FTA. The data for the beginning of alternatives analysis is based on several different kinds of documents, including Environmental Impact Statements and local government board meeting minutes that record a decision for the locality to begin alternatives analysis or major investment study.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the individual named above, A. Nicole Clowers, Acting Director; Kyle Browning; Lauren Calhoun; Gary Guggolz; Brandon Haller; and Carrie Wilks made key contributions to this report.

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